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VETERANS TAX EXEMPTION

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VETERANS TAX EXEMPTION California Proposition 9 (1938).
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9	VETERANS TAX EXEMPTION. Senate Constitutional Amendment 9. Amends Constitution, Article XIII, Section 14. Eliminates from section, which exempts from taxation property amounting to \$1,000 of residents of State who served in United States army, navy, marine corps or revenue marine service, in time of war, those provisions extending such exemption to those released from active duty because of disability resulting from service in time of peace. Permits all or part of exemption be applied to actual value of motor vehicle in fixing license fee thereon. Denies exemption unless person claiming same complies with prescribed statutory procedure.	YES	
		NO	

(For full text of measure, see page 18, Part II)

Argument in Favor of Senate Constitutional Amendment No. 9

The Constitution of the State of California provides that property to the amount of one thousand dollars of every resident of this State who served in the Army, Navy, Marine Corps or Revenue Marine Service of the United States in time of war, and received an honorable discharge, shall be exempt from taxation. This law was created in 1911. This law also applies to the widow and the widowed mother of a deceased veteran.

No ex-service man, or widow or mother of a deceased veteran, who is assessed for five thousand dollars or more, or whose wife has that much, can obtain the exemption.

Up to 1935, those entitled to the one thousand dollar exemptions could apply it to their automobiles. The 1935 State Legislature enacted what is known as the In Lieu Tax method of collecting the automobile tax through the State Board of Equalization instead of by the county assessors. The State Board of Equalization, through an opinion of the Attorney General, held that this was not a tax, but a license, thereby depriving the ex-service man, who served during the war, of this exemption on his automobile which had been guaranteed him by the Constitution for his service to his country and which had been allowed him up to 1935. There was probably no intention on the part

of those who created the In Lieu Tax bill to do this, but nevertheless, that is the result of that act.

The In Lieu Tax Act, unintentionally, so far as ex-service men are concerned, is discriminating. It does not allow those ex-service men who only own an automobile to take advantage of it, while it allows those who have other property such as houses, etc., to claim the exemption. It gives the advantage to the one who is best able to pay the tax.

This constitutional amendment simply allows an ex-service man to include in his tax exemption his automobile, as was intended and given to him by the Constitution, and that which he received up to 1935.

This constitutional amendment will probably affect only a comparatively few ex-service men, and that number is ever growing less; and, under it, all ex-service men will be treated alike and allowed that which the Constitution of California provided that they should have. They are being given nothing more than what they have always had since 1911.

Respectfully yours,

ROY J. NIELSEN,
Senator, Nineteenth District.

IRWIN T. QUINN,
Senator, Third District.

**Argument Against Senate Constitutional
Amendment No. 9**

Originally, the extension of the present \$1,000.00 annual exemption now accorded to veterans was approved, not only as a reward to veterans, but primarily to make their home ownership less burdensome, encourage veterans to settle down, establish homes, and resume their life in the various communities throughout the State.

Consequently, the present measure, seeking to permit veterans, and others closely related to them, to apply this annual exemption to property, other than the home and furnishings therein, is contrary to the original purpose and spirit that made possible this annual tax exemption.

It should be remembered that not only were veterans furnished this \$1,000.00 householder's exemption, but likewise were furnished the opportunity, to a great extent at the expense of other taxpayers, to purchase homes at low interest rates and upon favorable terms, under the Veterans' Farm and Home Purchase Act. However, as the State took title to homes purchased by veterans until paid for by the veterans, such property became tax exempt. Moreover, in view of this situation, there was no need or reason for veterans to claim the \$1,000.00 tax exemption annually until they secured an interest in the property or could apply it against other property owned by them.

Under this measure all veterans, who are now purchasing homes under the Veterans'

Farm and Home Purchase Act, will be permitted, in effect, to secure double tax exemption, which was not intended under the present law.

In view of the fact that the present exemption accorded to veterans was intended only to apply to their homes, the mere fact that they formerly claimed this exemption against their automobiles, is no justification for granting veterans to do so in the future merely because the State, instead of cities and counties, now imposes a license or "in lieu" tax upon automobiles.

Passage of this amendment authorizing the extension of this exemption will not only permit certain veterans to secure double exemptions, but may well lead to further measures seeking to permit veterans to claim an exemption from all kinds of license fees, sales, income and other taxes in connection with their business, profession, or occupation. Much chaos and confusion is likely to result if this measure is approved, and many local and State Boards will be required to secure necessary funds for operating purposes from other sources and taxpayers.

Any further exemption of property from taxation, or a measure such as this that will, in effect, permit veterans to secure duplicate exemptions where purchasing property now tax exempt, should be vigorously opposed.

Respectfully submitted.

RALPH HUNTINGTON.